

City of Detroit

CITY COUNCIL

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TO: John Johnson, Corporation Counsel
Law Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 30, 2007

RE: 2007-2008 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2007-2008 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Sharon McPhail, General Counsel, Mayor's Office
Roger Short, Chief Financial Officer
Pamela Scales, Budget Director
Ervin Stewart, Budget Department Team Leader
Kandia Milton, Mayor's Office

Law Department (32)

FY 2007-08 Budget Analysis by the Fiscal Analysis Division

Summary

The Law Department is a General Fund agency. The recommended 2007-08 Budget totals \$22.66 million, an increase of \$670,200 (2.9%) from the current fiscal year. The department's net tax cost is \$19.52 million, which is again \$670,200 more than the current fiscal year.

2006-07 Surplus/(Deficit)

The Mayor anticipates that the Law Department will end up with a surplus of \$341,100, due to departmental vacancies.

Overtime

The department has an overtime budget of \$27,000 in the current fiscal year. As of March 31, 2007, the department spent \$7,500 overtime, 27.8% of budget. The recommended overtime budget for 2007-08 remains at \$27,000.

Personnel and Turnover Savings

The Mayor recommends adding a net of three positions in 2007-08.

The Mayor recommends \$39,000 in turnover savings for the Law Department for fiscal year 2007-08.

Following is information by appropriation comparing current FY 2006-07 positions, as of March 31, 2007 filled positions and FY 2007-08 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2006-07</u>	<u>Filled Positions 3/31/2007</u>	<u>Mayor's Budget Positions FY 2007-08</u>	<u>Over/(Under) Actual to 06/07 Budget</u>	<u>Mayor's Recommended Turnover</u>
Law Department (32):					
00527 Administration & Operations	139	134	142	(5)	\$ 38,817
11544 Risk Management	0	0	0	0	\$ -
32XXXX Leave of Absence	0	0	0	0	\$ -
32XXXX Unmatched Positions	0	1	0	1	\$ -
TOTAL	<u>139</u>	<u>135</u>	<u>142</u>	<u>(4)</u>	<u>\$ 38,817</u>

Significant Funding by Appropriation

<u>Appro.</u>	<u>Program</u>	
00527	Administration & Operations	<p>Program increases by a net \$670,200 primarily for the following reasons:</p> <ul style="list-style-type: none"> • Salaries increase by \$1,021,000 to accommodate restoration of the 10% cut for union personnel. The increase also includes the addition of a net three positions. • Employee benefits and pensions go up \$33,600. • Professional & contractual services reduce by \$441,000. • Operating supplies increase by \$27,200 for more telecommunications and data com services. • Other expenses increase by \$30,100 for travel and training.

Law (32)

Budgeted Professional and Contractual Services by Activity	FY 2006-07 <u>Budget</u>	FY 2007-08 <u>Recommended</u>	Increase (Decrease)
Administration	\$ 2,105,963	\$ 1,665,234	\$ (440,729)
Legislative Liaison	900,000	900,000	-
Total	<u>\$ 3,005,963</u>	<u>\$ 2,565,234</u>	<u>\$ (440,729)</u>

Significant Revenue Changes by Appropriation and Source

00527	Administration & Operations	Program budgeted revenue totals \$3.15 million, the same as the current fiscal year.
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Issues and Questions

Professional and Contractual Services and Budgeted FTE's of the Law Department 2000-01 through 2007-08

	FY 2001-02 <u>Budget</u>	FY 2002-03 <u>Budget</u>	FY 2003-04 <u>Budget</u>	FY 2004-05 <u>Budget</u>	FY 2005-06 <u>Budget</u>	FY 2006-07 <u>Budget</u>	FY 2007-08 <u>Recommended</u>
Law Dept. Contracts	\$ 6,648,738	\$ 4,971,701	\$ 2,868,561	\$ 2,328,823	\$ 1,898,480	\$ 3,005,963	\$ 2,565,234
<i>Percentage Change +/-</i>	6.38%	(25.22%)	(57.69%)	18.82%	(18.48%)	58.34%	(14.66%)
FTE's	219	217	227	188	146	139	142
<i>Percentage Change +/-</i>	7.35%	(0.91%)	4.61%	(17.2%)	(22.34%)	(4.79%)	2.16%

In reviewing the budgetary history of the Law Department, Professional & Contractual Services shrink to between 2003-04 and 2004-05 levels by reducing \$441,000, which is positive. In addition, the level of personnel does not increase by that much, a little over 2%. Is it the Law Department's strategy to develop more expertise and handle more cases in-house? Does the recommended budget cover any deficits in the Professional & Contractual accounts?

Page 32-12 of Executive Budget: there is an extensive reorganizing of personnel, including adding a Chief Asst Corporation Counsel, removing a Supervising Asst Corp Counsel, adding a Sr Asst Corporation Counsel, removing four Assistant Corporation Counsels, adding two Legal Assistants, removing a Clerk, adding an Office Assistant II, a Records Manager, a Sr Asst Corp Counsel Exempted and adding four Asst Corp Counsel Exempts. The reorganization results in adding a net of three positions to the Law Department next fiscal year. Please explain the rationale for the reorganization.

How has the department's interaction with the Mayor's general legal counsel improved legal services provided by the Law Department in the current fiscal year? What new initiatives are on the horizon for 2007-08?

It appears the department is rotating personnel to provide a person to serve as the City Council liaison, usually on a daily basis. Will this plan continue in 2007-08? With the addition of a net three positions, would the department be able to assign someone to serve as a liaison on a more regular basis to provide more continuity?

In the current fiscal year, risk management services were shifted to the Administration and Operations program in the Law Department, whereas, in previous years, there was a separate appropriation for risk management. How has the reorganization assisted in providing a better risk management focus? Has the department considered partnering with other City departments, especially the high risk areas (Police, DPW, DDOT and Fire), and the Risk Management Council, to hire a contractor to perform a risk management/safety audit Citywide to minimize and control risk better by instituting more preventive measures to reduce lawsuit settlements and judgments?

How does the department plan to work with the Finance Department in 2007-08 to improve collections of delinquent accounts and scrub and completely write-off old and uncollectible accounts? Does the City Council approve all write-offs and cancellation of accounts of accounts receivables and due to/due froms?

Page 32-2: what efforts were undertaken by the department to right size and streamline government in the current fiscal year? Are there any new initiatives in this regard in 2007-08?

Page 32-2: it is indicated that the department has established the appropriate supervisory staff ratios as a result of a department-wide work force analysis.

Please provide a copy of this analysis. With the reorganization cited in the second question above, are the supervisory staff ratios diminished or enhanced?

Page 32-4: please provide a copy of the six risk management reports produced in the current fiscal year. In 2007-08, it is predicted another six would be produced. Is this number low, given that 15 were produced in 2004-05 and the more focused approached to risk management?

Page 32-4: why is there "N/A" in 2006-07 and 2007-08 for the number of cases handled by outside counsel? The same question is for foreclosure cases as well.

Page 32-9: even though the Mayor recommends the same amount of funding for both the federal and state legislative services (\$300,000 and \$650,000, respectively), why did the department requested for no funding for the federal liaison and only approximately \$4,000 for the state liaison?

Page 32-11: what makes the department comfortable that it will receive the level of personal services revenue from Planning and Development, Municipal Parking, DDOT and Water when the 2005-06 actual revenue levels were below the budgeted levels for the current fiscal year and recommended for 2007-08 by almost half?

Page 32-11: actual miscellaneous receipts revenue was \$738,000 in 2005-06, but budgeted levels were only \$180,000 in both the current fiscal year and 2007-08? Why the much lower budgeted levels?

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